

**State Employee Benefits Committee  
October 19, 2009, 1:00 p.m.  
Tatnall Building, Room 112  
Dover, Delaware**

The State Employee Benefits Committee met on October 19, 2009 at the Tatnall Building, Room 112, Dover, Delaware. The following Committee members and guests were present:

Ann Visalli, Director, OMB  
Brenda Lakeman, OMB, Director,  
Statewide Benefits  
Faith Rentz, OMB, Statewide Benefits  
Ann Skeans, Statewide Benefits  
Vicki Ford, OMB, Financial Operations  
Mike Morfe, AON  
Mike Casey, AON  
Theresa Strawder, OMB, Statewide Benefits  
Mary Thuresson, OMB, Statewide Benefits  
Casey Oravez, OMB, Financial Operations  
Michael Matthews, OMB  
Andrew Kerber, Department of Justice  
Carolyn Berger, Justice, Supreme Court  
Russ Larson, Controller General  
Henry Smith, DHSS  
Karen Weldin Stewart, Insurance Commissioner  
Nick Adams, State Treasurer's Office  
David Craik, Office of Pensions  
Ed Tos, SEBAC Chair/DOL  
Jill Ipnar, PHRST

Debbie Scanlon, DOE  
Kim Hawkins, City of Dover  
Timothy Barchak, DSEA  
Richard Phillip, DSEA-R  
Joseph Morocco, HMS  
Drew Brancati, BCBSD  
Jay Reed, BCBSD  
Katherine Impellizzeri, Aetna  
Julie Caynor, Aetna  
Terry Vrekan, Coventry  
Mark Malloy, Coventry  
Mary Pat Urbanik, U of DE  
James Testerman, DSEA retired  
James Harrison, DSEA retired  
Sandy Richards, AFSCME  
Vincent B. McCann, AFSCME  
John Kenyon, AFSCME  
Mike Begatto AFSCME  
Karen Valentine AFSCME  
Dave Leiter, DHSS, Facilities Op.

Agenda Items Discussed:

**Introductions/Sign In**

Ms. Visalli called the meeting to order at 1:00 p.m. A reminder was given to sign in and those presenting public comments were reminded that comments must be limited to two to three minutes for individuals and five minutes for those representing a group. Introductions followed.

**Approval of Minutes**

Ms. Visalli asked for a motion to approve the September 21, 2009 SEBC minutes. Mr. Adams made the motion to approve the minutes and Controller General Larson seconded the motion. The minutes were approved with unanimous voice vote.

**Director's Report**

Ms. Lakeman announced that Flexible Spending Account (FSA) open enrollment will begin November 2nd. Letters will be sent to all benefit eligible employees this Friday about open enrollment and the new debit card that will be offered with the FSA.

As a follow-up to last meeting about claims analysis using data mining database, Thomson has done an additional report. It shows a low incidence for duplicate claims. They reviewed claims history from July 2006 through June 2009. There was a 0.05% incidence of duplicate claims as opposed to an average of 0.5% for other companies. Statewide Benefits will work with Thomson to determine the appropriate follow-up with the medical carriers.

To date, 918 individuals have completed the Health Risk Assessment (HRA). There was a question of how many of those individuals completed the Assessment in prior years. Five hundred and twenty two of the 918 completed an HRA during the 2008 offering. Approximately 10,000 individuals completed an HRA in 2008.

Dependent Eligibility Audit Update: The Department of Services for Children, Youth & Their Families, the Capital School District and the City of Milford are the groups who have been chosen to participate in the audit. They have all been contacted and notified that the audit will begin in January. In late March there should be a report back to the committee on the outcome of the audit and a recommendation on whether to expand the audit to all groups in the Health Insurance Program.

The COBRA Subsidy: As of September the state had paid 65% of the monthly COBRA premium for 29 individuals at a total subsidy amount of \$62,000. No reimbursement has been received from the federal government.

Ms. Visalli commented on HRA utilization. There are no financial incentives for the 2009 HRA offering and the reason for significant drop off in participation; however, the high number of individuals participating in 2009 who also participated in 2008 is encouraging. It implies that individuals are engaged in wellness because of the impact such participation has on their health.

#### **Health Fund Financials – Fund Equity Report (handout)**

Ms. Ford reported that as of September 30, 2009, the fund equity balance was minus \$6.1M. That is an improvement from last month. The primary reason for the improvement in the ending balance is due to receipt of a prescription drug rebate payment.

Mr. Morfe reported recent analysis of month to month volatility and paid claims and it has been concluded that much of this volatility is result of the timing and frequency of invoicing. When analyzed on a quarterly basis, the claim expenditures on average are more comparable to previous quarters. Specifics were explained and more will be reported at the December SEBC meeting. Trends are slightly up over previous quarters; however, at this point there is no cause for concern.

Ms. Visalli stated the DSEA had asked very good questions in the spring and summer. She affirmed SEBC will work with them so they can address any questions about rate setting and trends. She thanked Mr. Morfe for the work he is doing to assist.

#### **Group Health Program Eligibility Rules – Disability Insurance Program Changes Brenda Lakeman (handout)**

Ms. Lakeman read the current language for Eligibility and Enrollment Rule 5.13b and the proposed language – “b. Employees whose STD claims are in a pending status are entitled to receive State Share. If STD claim is denied, the employee is responsible for the State Share paid

on his/her behalf while the claim was in a pending status.” Reasons for the change were explained. Discussion followed. Mr. Tos commented on behalf of the SEBAC that they support the change. Ms. Visalli asked for a motion to change language in Rule 5.13 b per recommendation of Ms. Lakeman. Mr. Larson made the motion and Mr. Adams seconded. Upon unanimous voice vote the motion was approved.

#### **Group Health Plan Updates – Faith Rentz (handout)**

A new Step Therapy for Preferred Drug Step Therapy for Angiotensin II Receptor Blockers (ARBs) was presented. The concept is that certain medications may not be covered unless member has first tried another medication or therapy. An overview/rationale was given along with how the preferred drug step therapy rule works. Approximately 4,333 members are on a preferred ARB and will not be impacted by the proposed Step Therapy program. Approximately 2,253 members have taken a non-preferred ARB in the last four months. They will be advised of their preferred options and how to move to a preferred alternative. Savings for the Group Health Program is estimated annually to be \$620,000.

It was recommended:

- Adopt the Preferred Drug Step Therapy for ARBs in the State Group Health Insurance Program effective January 1, 2010.
- Advantages include maximizing the generic savings opportunity (Cozaar/Hyzaar) and manufacturer rebate potential of preferred formulary brands.

Questions and answers included examples of how the process works for members and their doctors, how member/doctor notification is given and if there would be more step therapies recommended for additional before January 2010.

Ms. Visalli asked for a motion to approve the Preferred Drug Step therapy for ARBs. Mr. Larson made the motion and Mr. Smith seconded. Upon unanimous voice approval the motion passed.

#### **Federal legislation impacting Group Health in FY2011 - Beginning July 1, 2010 – Faith Rentz (handout)**

**Michelle’s Law-** Prevents a group health plan from removing coverage for “dependent child” due to a “medically necessary leave of absence” before the earlier of:

- One year after the first day of the medically necessary leave of absence; or
- The date on which the coverage under the plan would otherwise terminate

**Mental Health Parity** – Requires that if a health plan covers Mental Health/Substance Abuse services, financial or treatment limitations to those services can be no more restrictive than those for medical or surgical benefits offered in the same plan. Limits must be identical.

The coverage identified in both pieces of legislation must be implemented in the Group Health Insurance Program health plans no later than July 1, 2010. Additional information on the costs will be shared with the committee as it becomes available.

### **SEBAC Comment**

Mr. Tos presented comments for SEBAC before the vote was taken on Group Health Program Eligibility Rules - Disability Insurance Program Changes. The SEBAC had no further comments.

### **Wellness/Disease Management Presentation – Mike Morfe and Mike Casey (handout)**

#### Table of Contents

- Big Picture
  - Fiscal Year 2011 Projection
  - Options to Attain Balance for FY11
- Current Wellness / Disease Management
- What Others are Doing
- Moving Forward

Following the presentation, Ms. Visalli made a recommendation to release an RFP for a Wellness Program Administrator. Mr. Larson made the motion and Mr. Smith seconded the motion. Upon unanimous voice approval the motion passed.

### **Public Comments**

James Testerman - DSEA Retired – asked why the retirees were separated as a group in a prior legislative initiative when Ms. Visalli had stressed that they were not being separated out as a group. Ms. Visalli explained the separation of the active and retiree populations in certain reporting is for actuarial and planning purposes only. She explained that it is her responsibility to bring all ideas to control healthcare costs to the committee and that in certain situations, this means discussing the different populations in the Group Health Program.

Timothy Barchek – DSEA – expressed concern that the Eligibility and Enrollment Rule 5.13b conflicted with Rule 5.11. He asked if Rule 5.13b trumped Rule 5.11. Ms. Lakeman confirmed it does and stated that if the person applied, submitted their information and were pending a decision, they would continue to receive state share. Mr. Kerber clarified that there are a couple of steps that must be followed for application. Ms. Lakeman stated when the information has been obtained the claim is considered to be in a pending status.

Dave Leiter – DHSS state employee – apologized for prior meeting comments on September 21<sup>st</sup>. In his mind he had confused two issues that were not related. He still has many concerns about double payment of bills, pay cuts, increases in health insurance, cuts in life insurance after retirement, scrutiny, workforce cuts and on. At what point does it stop? Are you going to force out your workforce just to do the administrative things? He would like to know why state employees should have to worry about in the future getting what they were told they would get.

A number of questions were posed regarding the role of insurance companies, drug rebates and the DelaWELL Program. Ms. Visalli agreed that it is important to address the questions as part of administration of the Group Health Program. Ms. Visalli addressed union representation in attendance with a request to investigate programs that work in other states and offer options for consideration.

Concerning moving forward with Wellness Programs, it was stressed the employees need to make time to do what is needed for their wellness. Justice Berger stated the employer needs to be proactive in terms of helping their employees. Ms. Visalli stated she would look to the Courts to do that and Justice Berger accepted the challenge. Mr. Leiter stated when DelaWELL began employees who signed up were allowed to attend information sessions while on the clock, but they were excused.

**Other Business**

None.

Ms. Visalli stated the SEBC needed to move into Executive Session. A reminder was given that next month's SEBC would be held on November 16 at the DOT Administration Complex. Justice Berger made the motion and Mr. Smith seconded the motion to move into Executive Session. Upon unanimous voice vote the SEBC moved into Executive Session at 2:44 p.m.

Upon conclusion of Executive Session the SEBC moved back into the public session at 3:15 p.m. Ms. Visalli asked for a motion to uphold Ms. Lakeman's recommendation for each health benefit appeal. Controller General Larson made the motion to approve all three recommendations and Mr. Adams seconded. Upon unanimous voice vote all were approved.

Ms. Visalli asked for a motion to adjourn. Controller General Larson made the motion and Mr. Smith seconded the motion. Upon a unanimous voice approval the SEBC adjourned at 3:17 p.m.

Respectfully submitted,

Mary K. Thuresson  
Administrative Specialist  
Statewide Benefits Office, OMB